

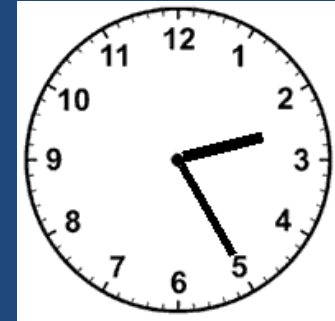


# AFFORDABLE HOUSING IMPACT FEES ORDINANCE



**Public Outreach Meeting**  
**May 19, 2015**

# Agenda



- ❑ Background
- ❑ Commercial Linkage Fee
- ❑ Rental Housing Impact Fee
- ❑ Use of Fees
- ❑ Next Steps

# Background

December 9, 2014: Council direction to expand Commercial Linkage Fee:

- Based on findings of commercial nexus study
- Office/R&D/Industrial:  
\$15/net new SF
  - *\$7.50/SF for 1st 25,000 SF*
- Retail / Hotel: \$7.50/net new SF



# Background

March 17, 2015:

Council direction to create Rental  
Housing Impact Fee

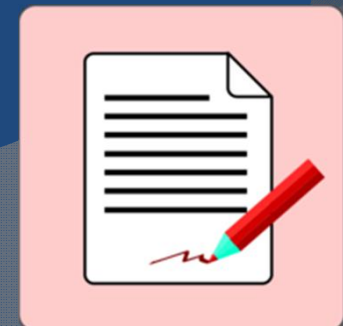
- Based on 2014 Rental Nexus Study
- \$17 / HSF for net new rental units
- Alternative Compliance options provided
- Same rate as San Jose, Mountain View



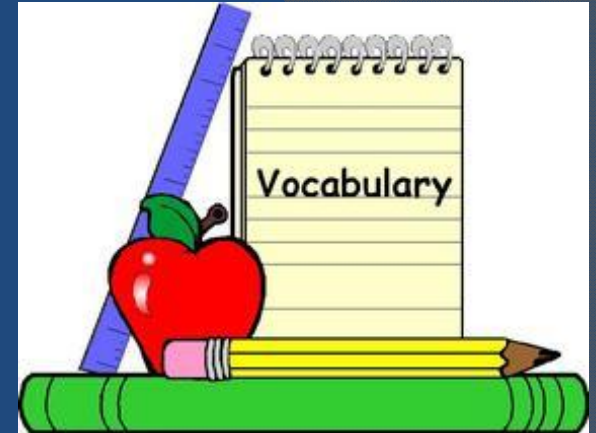


# Background

- Draft ordinance to adopt new/expanded fees
- Ordinance includes new code chapter 19.75: Housing Impact Fees
- Draft Resolutions provide details (1 for each new/expanded fee) and will amend City fee resolution



# Background: Terms in Ordinance



- Commercial Linkage Fee = “*Housing Impact Fee for Nonresidential Development*”
- Rental Housing Impact Fee = “*Housing Impact Fee for Rental Housing*”
- To be brief, this presentation will use informal terms

# COMMERCIAL LINKAGE FEE



# Commercial Linkage Fee: Rates

- \$15 / NNSF\* for Office, R&D, Industrial projects
  - 50% discount (\$7.50) on fee rate for the first 25,000 NNSF of project
- \$7.50 / NNSF for Retail and Hotel/Motel projects
- Fee rates adjusted annually by CPI (inflation index)

\* *NNSF = Net New Square Feet*





# Commercial Linkage Fee: Exempt Land Use Types



- Day Care Facilities, Hospitals, Assisted Living Facilities, Convalescent Hospitals
- Agriculture and Resource Uses
- Public Facilities/Uses
- Stand-alone Parking Structures, Surface Parking Lots
- Schools, Recreational Uses, and Places of Assembly

# Commercial Linkage Fee: Exempt Portions of Project



- Storage facilities
- Architectural features not used for work space
- On-site child care facilities.
- Freestanding amenity buildings (for employees only)

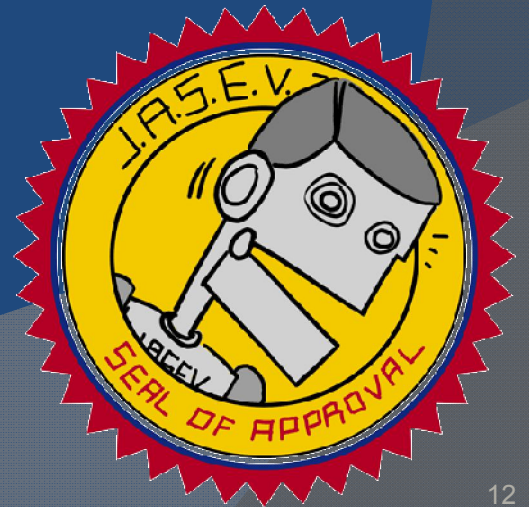
# Commercial Linkage Fee: Exempt Portions of Building/Project

- Buildings designed for storage of hazardous materials
- Existing structures on site (vacated or demolished no more than 1 year before date of planning application)



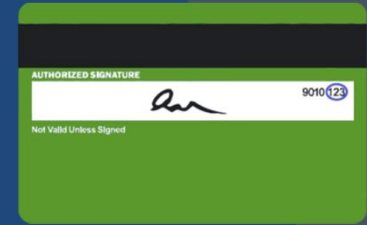
# Commercial Linkage Fee: Alternative Compliance Options

- Developer may propose alternative to fee payment
- Community Development Director authorized to approve or deny request





# Commercial Linkage Fee: Payment Timing



- Payment due at building permit issuance
- May be paid early
- Phased projects:
  - Fee for each phase based on pro rata share of total project square footage
  - Each phase's fee due at building permit issuance for each phase

# Commercial Linkage Fee: Pipeline Project Provisions

Pipeline Projects Not Subject to New Fee  
if:

- Planning Application deemed complete by Planning before the effective date of Ordinance
- Some projects\* may be subject to the existing Housing Mitigation Fee even if exempt from the new fee

*\* In industrial zones with FAR bonus*

# RENTAL HOUSING IMPACT FEE





# Rental Housing Impact Fee

- New market-rate rental housing developments\* of 4+ units
- 50% discount on fee rate for 4 - 7 unit projects

*\* Includes condo-mapped rental projects*



# Rental Housing Impact Fee: Rates

- \$17 / NNSF
- Fee rates adjusted annually by CPI (inflation index)
- Only applies to habitable square feet



# Rental Housing Impact Fee: Payment Timing



- Payment due at building permit issuance
- May be paid early
- Phased projects:
  - Fee for each phase based on pro rata share of total project SF
  - Each phase's fee due at building permit issuance for that phase

# Rental Housing Impact Fee: Alternatives

- On-site Units (Standard Option)
- Other Alternatives:
  - Donate Land/Money
  - Off-site Units
    - Preservation, conversion, rehabilitation



# Rental Housing Impact Fee: On-site Units Option

- Credit against fee for affordable units provided on site:
  - \$300,000 per Very Low-Income (VLI) unit
  - \$150,000 per Low-Income (LI) unit
  - Credits per unit adjusted periodically
  - Pay cash or provide additional unit for remaining balance owed
- Council approval not required
- 55-year term of affordability





## Example of On-site Units Credit:

Unit Type	Credit / Unit	# Units Provided	Total Credit
Very Low	\$300,000	5	\$1,500,000
Low	\$150,000	5	\$750,000
Total Credit			\$2,250,000
Fee Owed by Project (140 units @ 950 HSF each x \$17)			\$2,261,000
Balance Due			\$11,000

# Rental Housing Impact Fee: Other Alternatives



- Off-site Affordable Units:
  - New construction
  - Acquisition/Conversion
  - Preservation/Rehabilitation
- Donate Land / Funds to Non-Profit Project

# Rental Housing Impact Fee: Conditions for Other Alternatives

- Council Approval
- 55-year affordability term
- Near transit
- Preferable to fees due to:
  - More units;
  - Greater affordability; and/or
  - Other advantages (better amenities, more bedrooms, etc.)

# Rental Housing Impact Fee: Pipeline Project Provisions

- Planning Application deemed complete by Planning Division before effective date of Ordinance



# Use of Fee Revenues

## Development of Affordable Housing

- New construction
- Rehabilitation
- Preservation
- Acquisition/Conversion
- Predevelopment Costs
- Land acquisition



# Use of Fee Revenues

Small Portion of Fees May Also be Used For:

- Project/Program Administration
- Monitoring
- Homebuyer Assistance
- Future uses deemed appropriate by Council

# Public Hearings

Housing and Human Services Commission

**May 20** at 7:00 p.m.

*West Conference Room*

Planning Commission

**May 27** at 8:00 p.m.

*Council Chambers*

City Council (tentative)

**June 23** at 7:00 p.m.

*Council Chambers*

*All meetings at City Hall:  
456 W. Olive Ave., Sunnyvale*

# Timeline (Estimated)

1. Ordinance adoption (1<sup>st</sup> reading): June 23
2. 2<sup>nd</sup> reading of ordinance: July 14
3. Fee Schedule Amended Effective: 60 days from adoption
4. Projects subject to new fees: 30 days from 2<sup>nd</sup> reading of Ordinance



# More Information:

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**(408) 730-7250**

***RentalImpactFee.inSunnyvale.com***

***CommericalLinkageFee.insunnyvale.com***